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SRI R. SURYANARAYANA RAO :—" May we now discuss the principles of the Bill? "

12-15 p.m. MR. PRESIDENT :—" No, not now. The House will be glad if out of this immoral Bill something moral will come out." (Laughter.)

V.—GOVERNMENT RESOLUTIONS.

(1) LEGISLATION BY THE CENTRAL LEGISLATURE IN REGARD TO CERTAIN MATTERS FALLING UNDER " PUBLIC DEBT OF THE PROVINCE."

THE HON. SRI B. GOPALA REDDI :—" I move the resolution that stands in my name—

' *Whereas the Indian Legislature has passed the Public Debt (Central Government) Act, 1944 (Central Act XVIII of 1944), consolidating and amending the law relating to Government securities issued by the Central Government and to the management by the Reserve Bank of India of the public debt of the Central Government;*

And whereas, in order to avoid inconvenience to the public, it appears to be desirable that the laws and regulations relating to Government securities should be uniform as far as possible throughout British India;

Now, therefore, this Council hereby resolves, under section 103 of the Government of India Act, 1935, that the matters dealt with in the Act aforesaid shall be regulated, in this Province, by Act of the Indian Legislature, in so far as Government securities issued by the Provincial Government and the management of the public debt of the Provincial Government are concerned, being matters falling within the scope of Entry 5 of the Provincial Legislative List, viz., " Public Debt of the Province ".'

" Sir, in moving this resolution, I may state that the Indian Securities Act, 1920, was applicable to the securities of both the Central and the Provincial Governments till 30th May 1946. But as the provisions were not adequate, the Central Government passed a legislation which came into force on 1st May 1946. It was thought desirable that the provisions should be made uniform throughout the provinces also. The Central Act applies only to the securities of the Central Government, but under section 103 of the Government of India Act if more than two provinces apply to the Government of India, they can regulate this matter which is included in the provincial list. Some other provincial Governments have already taken steps in this matter. They have moved their legislatures to pass similar resolutions and applied to the Central Government for undertaking necessary legislation. The Governments of Bombay, United Provinces, Orissa, North-West Frontier Province and Sind have addressed the Government of India. This Government also propose to do the same."

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* SRI B. NARAYANASWAMI NAYUDU :—" Sir, what I want to know is this. This matter relates to Entry 5 in the Provincial Legislative List and even after the Central Act was passed we have got a right to legislate on this subject. If necessary that right may be exercised in accordance with the legislation of the Central Government. But why should we curtail our right to pass an Act? It is a question of surrendering a certain legislative power in our hands. Is this done on the order of the Government of India or is it considered to be in the interests of the Province to surrender this power? If it is a question of maintaining uniformity, this House may agree to pass a legislation which is word for word the same as the Central legislation. If there is an inconvenience in that course, this House will pass its own legislation.

" There is also another reason, Sir, I am afraid we are going forward to have a unitary type of Government vesting all powers in the Central Government. This is the first step in that direction. It is a sort of smoke-screen. The hon. Member Dr. Sir Lakshmanaswami Mudaliyar has already given notice of a resolution on this question. A federal structure was proposed at first and the members were elected to the Constituent Assembly with a mandate for a federal structure constitution. Now the whole thing is being turned down and is being reconstructed on the basis of a unitary centre. My submission now is, apart from this big constitutional question, 'Why should this Government and this Legislature be called upon to surrender their powers of legislation with regard to securities?' No reason has been given. Simply because the Government of India have said : 'Please do this', are we here to endorse what they say as mere rubber stamps? "

SRI R. SURYANARAYANA RAO :—" Mr. President, Sir, I join issue with my hon. Friend Mr. Narayanaswami Nayudu when he said that we are not satisfied with the reasons given by the Hon. Finance Minister for surrendering our right to legislate in respect of matters in which we possess the right. In fact we should demand for more rights from the Central Government."

MR. PRESIDENT :—" The hon. Member does not join issue with him but supports him."

* SRI R. SURYANARAYANA RAO :—" I am sorry, Sir, I join with him in this issue. I want to raise four or five points in this connection. If we surrender this power, will the Provincial Government be at liberty to float loans on such terms as it thinks necessary without the prior approval and sanction of the Dominion Government? Will the Provincial Government have any voice in their dealings with the Reserve Bank of India, a body constituted by an Act of the Central Legislature? Will the interests of this Province be sufficiently safeguarded without being subject to the influence of North Indian financiers who have a controlling voice in the affairs of the Reserve Bank? This House should be satisfied why this new procedure is sought to be adopted before asking our concurrence. If the Hon. Minister is anxious to remove certain lacunae in the terms of our securities, why should he not

bring forward a Bill on the same lines as Act XVIII of 1944 making such alterations as are necessary to suit our conditions? Instead, why does he ask us to simply register our consent to an Act passed by the Central Legislature? Sir, is the Reserve Bank of India going to be our agent? After reading the Act XVIII of 1944 it looks as if it is not going to be an agent, it is going to be our master. The Reserve Bank of India is only accountable to the Central Government and not to our Government. Any representation we have to make about the Reserve Bank of India we will have to make through the Central Government. That is a point we have to remember. Recently we co-operators had a great grievance against the Reserve Bank of India for the treatment accorded by the Reserve Bank to proposals for financing agricultural operations. Even the Central Government could not do anything, because some statute constituting this Reserve Bank was quoted against us. The Central Government was not of much help. I think, Sir, in dealing with the Reserve Bank of India, wherein the voice of this Province is generally not heard and it is only the North Indian financiers that control the dealings of the Reserve Bank, we should be very cautious in registering our consent to this resolution. I therefore suggest that the Hon. Finance Minister need not be in a hurry. In fact the provincial constitution is in the making and what will be our relationship with the Indian Dominion and what will be the position of the Provincial Government will be known very soon. Afterwards we can take such steps as are necessary. We are not going to suffer in the meanwhile to any extent. The Hon. Minister for Finance gave notice of this resolution in June and we are now at the end of October. Evidently he is not in a hurry to get the resolution passed. It has to be passed by the other House. We can well wait till our future position is settled and then think of either committing our interests to the Central Government and the Reserve Bank of India or bring forward a Bill in this Legislature on the same lines as Act XVIII of 1944. But whatever may be the fate of our opposition here, let my hon. Friend remove the word 'British' from the phrase 'throughout British India'. We no longer constitute British India."

* DR. V. K. JOHN :—" Sir, I give my support to this resolution, because the preamble says, 'in order to avoid inconvenience to the public . . . '"

MR. PRESIDENT :—" We have got a long agenda to-day."

* DR. V. K. JOHN :—" I shall be brief. The preamble says—

'And whereas, in order to avoid inconvenience to the public, it appears to be desirable that the laws and regulations relating to Government securities should be uniform as far as possible throughout British India'.

12-30 p.m. I think, Sir, this matter concerns this province as well as other provinces. This province should give a lead to other provinces in matters in which we should act unitedly. I, therefore, support the resolution. And I also support the observation made by Mr. Suryanarayana Rao that the word 'British' might be dropped from the resolution."

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MR. PRESIDENT :—" I think the word 'India' will do."

THE HON. SRI B. GOPALA REDDI :—" Sir, I am afraid my friends have smelt a rat where a rat does not exist. They have felt very apprehensive about the future of the Provincial Governments' relations with the Central Government. Sir, the superseded Act related only to promissory notes while we are now contemplating applying this to stock certificates which have gained prominence in recent times. Our stock certificates are handled in Bombay and other provinces and therefore we think that there should be a uniform law. Unless there is uniform legislation relating to our own stock certificates they cannot secure enough confidence in Bombay. If there is a uniform law made by the Government of India at the request of the Provincial Governments it will certainly carry more conviction to those who are dealing in stock certificates. It is a matter of keeping more confidence in the people who are dealing in stock certificates. This is brought forward in order to minimise the inconvenience to the public. I may mention, Sir, that all the Provincial Governments have agreed to this. It is not as though anybody has surrendered any right to the Central Government. There are the other Provinces also like the United Provinces, Bihar and Orissa who are equally alive of the rights and privileges of the Provincial Legislatures and they will not be willing to part with their powers either. Therefore it is not a question of parting with anybody's powers at all. It is a question of having a uniform law for creating greater confidence in those people who are dealing in stock certificates. The Reserve Bank of India have suggested that for administrative convenience it is desirable that the Provincial Governments should fall in line with the Central Government by taking advantage of section 103 of the Government of India Act. Apart from the view of the Reserve Bank of India we have consulted some people who are in the profession, who know the things and they also felt that a uniform legislation is really desirable and necessary. Therefore we have brought forward this resolution. It is true that I gave notice of it in June last. For one reason or another we could not meet earlier. The Government of India have reminded us and they have said that it would be better if we sent up our resolution to them so that they may undertake legislation. I accept the amendment suggested by Mr. Suryanarayana Rao, Sir, namely, that the word 'British' might be omitted."

The resolution as amended was put and carried.

(2) AMENDMENT TO RULES UNDER THE COTTON TRANSPORT ACT.

* THE HON. SRI K. MADHAVA MENON :—" I move, Sir, that—

> '*This Council recommends to the Provincial Government that the following notification submitted to it for approval under section 8 of the Cotton Transport Act (Central Act III of 1923) be issued in the form submitted.*'